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**From:** Bart Eppenauer (LCA)

**Sent:** Friday, September 08, 2006 11:17 AM

**To:** AB95 Comments

**Subject:** Comments on Notice of Proposed Rule Making: "Changes to Information Disclosure Statement Requirements and Other Related Matters"

Attached are Microsoft's Comments on Notice of Proposed Rule Making: "Changes to Information Disclosure Statement Requirements and Other Related Matters," Federal Register/Vol.71, No. 131/July 10, 2006. We appreciate the opportunity to provide these comments. Please do not hesitate to contact us should you have any questions concerning our comments.

Best regards,

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September 8, 2006

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Comments on Notice of Proposed Rule Making: “Changes to Information Disclosure Statement Requirements and Other Related Matters”  
Federal Register/Vol.71, No. 131/July 10, 2006

Microsoft appreciates the opportunity to offer comments on the notice of proposed rule making relating to changes to the information disclosure statement (IDS) requirements and other related matters published in the Federal Register on July 10, 2006. The USPTO has set forth three objectives for the proposed rule changes: (1) enable the examiner to focus on the relevant portions of submitted information early in the examination process; (2) higher quality first office actions; and, (3) minimize wasted steps to improve the efficiency of the examination process. In concert with our comments below, we believe the USPTO objective of getting the best information to the examiner early in the examination process is laudable and deserving of greater consideration, and appreciate the USPTO’s efforts to do a better, more thorough, efficient examination and thereby improve the quality of issued patents.

In the past few years, Microsoft has grown to be one of largest customers of the USPTO. In 2005, we had the third largest number of published patent applications by the USPTO and are currently prosecuting well over 12,000 pending applications. We employ the services of over 100 patent practitioners around the country and were the 18<sup>th</sup> largest recipient of U.S. patents for 2005.

## **General Overview**

As one of the largest patent applicants, Microsoft has continuously supported USPTO efforts to improve patent quality and enhance examination efficiency. By way of example, Microsoft has supported fee adjustments and full access to fee revenue to fund examination initiatives, proactively embraced the electronic filing and prosecution of patent applications, and supported the proposed rule change practices for continuation applications and examination of claims. It is with this spirit of partnership and cooperation that Microsoft is using this opportunity to comment on these proposed changes to the IDS practice.

As set forth by the USPTO in the background and rationale for the proposed rules, the current IDS requirements are ineffective since they do not address bringing the most relevant information to the attention of the examiner early in the examination process, at times encourage the submission of a large number of marginally relevant documents, and fail to provide meaningful information to the examiner, particularly, in identifying the relevant sections of relatively large documents over 25 pages. Microsoft understands the USPTO's concerns and perspective on the shortcomings of the current duty of candor and IDS submission rules as they relate to an examiner's efficiency and effectiveness of examination. However, the rule changes as currently proposed, based on our experience, will not necessarily resolve many of these shortcomings nor meet the full objectives of the proposed changes. For example, rather than receiving a far greater number of patent applications that are filed with a prior art search and a meaningful IDS, the proposed changes may actually result in fewer IDS submissions thereby creating a less effective examination process. Perhaps of much greater concern from an applicant's perspective, the proposed rules create a much larger risk of allegations of inequitable conduct and prosecution estoppel that would be faced by the applicant during litigation, despite best efforts to help the USPTO in the examination process. Absent other changes regarding inequitable conduct and perhaps reform by Congress, the proposed rule changes may increase applicant's risk of adverse patent consequences.

## **Specific Comments**

The proposed rule change of 37 C.F.R. 1.98 (a)(3)(i) provides that an IDS submitted within the first time period of Section 1.97 (b) prior to a first office action that contains a foreign language reference, any document over 25 pages, or more than 20 cumulative documents is required to comply with a heightened additional disclosure requirement.

The additional requirement is an explanation of what is causing the document to be cited with a specific correlation to specific claim language. While Microsoft appreciates USPTO's explanation for the proposed rule changes and supports initiatives that enable the examiner to focus upon the most relevant information needed for the examination of the patent application, the proposed changes which are primarily based on a numerical threshold can easily produce a series of unintended effects and drive applicants to pursue strategies that may cause a greater strain on the limited amount of time an examiner has to examine an application. An example might be to hold a document over 25 pages until after the first office action to see if the reference or a similar, cumulative reference were cited by the examiner to avoid the risks created by the additional disclosure requirement in citing the document.

We agree that a threshold of 20 documents would address a majority of the applications being filed, and appreciate that when submitted prior to the first office action will not require a change in practice. We also appreciate the exception to the additional IDS requirements under Section 1.98 (a)(3)(viii)(A) and Section 1.98 (a)(3)(viii)(B) where the documents submitted are the result of a foreign search accompanied by a copy of a foreign search or examination report, and under Section 1.98 (a)(3)(viii)(C) where the documents submitted are in reply to a requirement for information pursuant to Section 1.105.

However, to address the needs of the examiner in effectively and efficiently examining the application, insuring compliance with 37 C.F.R. 1.56, and lessen the inequitable conduct and prosecution estoppel concerns of applicant, we would suggest that the USPTO look to alternative tests to address all of these issues. We would suggest that the threshold is better defined by the number of documents submitted that are not readily electronically searchable by the examiner, and would encourage the Office to look to the submission of electronically text searchable documents by applicant. The examiner is thereby readily able to identify the relevant portions of the document on any of a myriad of claim limitations being sought. This would have the same effect whether a document is 15 pages or 50 pages, or whether a document is an English-language document or a Foreign-language document with an electronically text searchable English-language translation. In using the proposed numerical thresholds, it could easily take more examiner time to locate the relevant information in 18 documents each having 20 pages than in 4 documents having 30 pages. The submission of documents in an electronic searchable format would address the examiners needs, applicants concerns of the risks created by the additional disclosure requirement, and bring the USPTO's automation goals of a totally text searchable application a little closer to completion.

A secondary alternative, should an applicant not be able to provide an electronically text searchable document and has high concerns of the risk created by the additional disclosure requirement, would be to submit the published application with the documents above the mentioned threshold to the "Patent Community Review" process that is being piloted by the USPTO. The examiner would be able to receive an

explanation of the documents correlated to the limitations in the claims from a group of experts, and applicant's risk concerns may be more readily addressed and minimized.

The proposed rule change of 37 C.F.R. 1.98 (a)(3)(ii) provides that all information in an IDS submitted within the second time period of Section 1.97(c) after the first office action and prior to the earlier of a notice of allowability or a notice of allowance must be accompanied by the heightened additional disclosure requirement and a non-cumulative description. A non-cumulative description requires a description of how each document is not merely cumulative to any other information disclosure statement cited document or document cited by the examiner. We are in agreement with the USPTO that submission of the same information in a variety of formats potentially adds unnecessary review in the examination process and is not the best use of examiner resources. Many times however, unless the documents are identical, the context of cumulative is subjective and open to the varying views of the beholder. Documents may show closely related features and/or teachings and thereby be deemed cumulative in a particular context, but differences in the juxtaposition of the feature and the teaching may add a different meaning to the concepts deemed relevant by the examiner in the examination of the claims and thereby not viewed as cumulative. Also, one of the largest issues for the submission of prior art at this stage of the prosecution is the obligation on applicant to disclose later-developed prior art in other related U.S. patent applications. The Office needs to effectively address this issue by balancing the requirements placed on applicant and the disclosure of the prior art to the examiner. Again, a better test may be the format of the reference, e.g. electronically text searchable, to allow the examiner to readily identify the features or teachings in the reference that are being sought.

The proposed rule change of 37 C.F.R. 1.98 (a)(3)(iii)(A) provides that all information in an IDS submitted within the third time period of Section 1.97(d)(1) after the earlier of a notice of allowability or notice of allowance and prior to payment of the issue fee be accompanied by a certification under Section 1.97(e)(1) or (2) that the applicant or applicant's representative was not aware of the information in the IDS more than three months prior to the filing to the information, an additional disclosure requirement, a non-cumulative description, and reasons supporting the patentability of the independent claims. In a like manner, the proposed rule change of 37 C.F.R. 1.98 (a)(3) (iii)(B) provides that information submitted within the fourth time period of Section 1.97 (d)(2) after the payment of the issue fee be accompanied by the same criteria as Section 1.98 (a)(3)(iii)(A) plus the additional requirement that the information be accompanied by a petition to withdraw the application from issue. Microsoft appreciates the USPTO's added need for criteria to the submission of information at this late stage of the prosecution, however, the comments set forth above relative to additional disclosure information and non-cumulative description are also applicable to information submitted in this timeframe.

As one looks to the articulated goals and objectives of these proposed rule changes to minimize wasted steps in the examination process, higher quality of office actions, and greater efficiency in the process to deliver stronger patents, the USPTO needs to look at all the aspects involved in the examination process. Should the Office move forward with the changes as proposed and establishes measurable milestones in achieving the objectives, the Office should also look closely at the same criteria in the citation and application of prior art documents by the examiner in the same delineated time periods.

Critical to this issue of the disclosure of prior art documents and as recognized by the USPTO in these proposed rule changes, is the historic uncertainty of the 37 C.F.R. 1.56 standard. Despite the Office's attempt to address this issue in the proposed changes, the Rule 56 "materiality" standard remains uncertain and there is no definitive standard for the applicant or for the court for determining what is "non-cumulative". As the USPTO reaches out to help address the examination process, the Office needs to take into account the reach and effect of proposals to the enforceability of the patent. The structure and composition of Rule 56, many times, puts applicant or applicant's representative in a potential conflict of arguing in favor of the patentability of the claims while commenting on submitted disclosures that may argue against the patentability of the claims. We appreciate the Office's effort in amending Section 1.56 to help address applicant's concerns around inequitable conduct. However, as pointed out within the Notice, the "court is not bound by any one duty of disclosure standard established by the Office". This was recently brought to the forefront by Federal Circuit in *Digital Control Incorporated and Merlin Technology Inc. v. The Charles Machine Works* (Fed. Cir. 2006). Before more uncertainty is added to the process, the Office may look to facilitating a partnership approach with the patent community, the Court, and Congress in fashioning a clearer, objective materiality standard.

Microsoft commends the Office for its leadership in amending 37 C.F.R. 291 to avoid the burden placed on the applicant and the Office by unsolicited information supplied by third parties with a broad allegation that the information is relevant. While the proposed changes move in the right direction of shifting the requirements set forth in the proposed rule changes to the third party submitting the unsolicited information, there is still the uncertainty as set forth above that applicant or applicant's representative is not relieved of his/her responsibilities under duty of candor. The submission of prior art by third parties is an area of patent practice that is only going to grow in the Internet world. The Office, working with the patent community and Congress, needs to develop a rigorous legal and procedural framework on how applicants are to address these submissions while pragmatically and meaningfully meeting their duty of candor responsibilities.

Achieving Microsoft's intellectual property rights goals, along with enhancing the quality and efficiency of the examination process, are very compatible objectives. In that framework, we believe that further refinements to the current proposed rule changes are necessary without placing unnecessary burdens on applicants. As a matter

of reference, with our volume of application filings, the amount of prior art searches we perform today, and the citation of later developed prior art in related U.S. patent applications, the rules as currently proposed could cost Microsoft an additional \$20,000,000-\$30,000,000 to prosecute our patent applications. While the proposed rules are silent on any retroactive implementation, it would cost us an additional ten's of millions of dollars above these costs to review and place our currently pending applications in compliance with the proposed rule changes.

In addressing some of the other related matters in the Notice for proposed rule making, we are very supportive of the changes to 37 C.F.R. 1.48 to address changes or updating of inventors' names, or to clarify the correction of inventorship. We are also supportive of the changes to 37 C.F.R. 1.55 to be consistent with the changes to 37 C.F.R. 1.312 to provide an expanded opportunity for applicants to enter technical amendments after the close of prosecution in an allowed application without withdrawal of the application from issue.

Microsoft appreciates the Office's efforts to continue working to address the quality and efficiency of the patent examination process, and we are committed to working with the Office to address these common concerns. We thank the USPTO for considering our views and should you have any questions concerning our response, please contact us at the address below. We are always available to assist the USPTO in any further partnership needs.

Respectfully submitted,

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